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# Mattel Reviews China Labor Practices After Alleged Abuse

Wednesday, October 16, 2013

Source: [Bloomberg](#) 

Mattel Inc. (MAT), the world's largest toymaker, is reviewing working conditions at a handful of Chinese suppliers after a labor advocate reported abuses.

China Labor Watch, based in New York, released a 94-page report yesterday that listed infractions at six Chinese factories that make toys for Mattel, including underpaying workers and fire hazards such as blocked escape routes and locked emergency exits.

"As we do with any potential compliance issue, we are now fully reviewing the validity of the issues raised in the report," Alan Hilowitz, a spokesman for El Segundo, California-based Mattel said in an e-mailed statement. "Should our review process identify areas in need of improvement, we will act immediately" to address them.

Labor practices in Asia have come under increasing scrutiny following suicides at electronics suppliers in China and a building collapse in Bangladesh that killed more than 1,100 people. China Labor Watch has previously spoken out on the labor practices of companies such as Samsung Electronics Co. and Apple Inc. supplier Foxconn Technology Group.

This is not the first time China Labor Watch has criticized Mattel, the maker of Barbie dolls and Hot Wheels toy cars. The group published a report last November claiming there were labor abuses at four factories that make products for the toymaker, including one owned by Mattel. At the time, Mattel said it was investigating the allegations. According to yesterday's report, Mattel later told China Labor Watch in a letter that "with few exceptions the allegations are unfounded."

Hilowitz, the Mattel spokesman, couldn't immediately respond to how Mattel handled last year's report.

## Undercover Investigators

This current probe spanned six months and involved undercover investigators and interviews with more than 300 workers to reach its findings, the group said.

The report named 18 sets of legal and ethical violations, including shifts as long as 13 hours and overcrowded employee dorms that housed as many as 12 people in a single room. China Labor Watch reports that over the course of one year, the six factories underpaid workers by as much as \$11 million.

The toymaker earlier today reported net income in the three months ended Sept. 30 rose 16 percent to \$422.8 million, or \$1.21 a share, beating analysts' expectations.

Mattel rose 1 percent to \$41.97 in New York after earlier touching \$43.74 for the largest intraday gain since April 17.

The Wall Street Journal reported on Mattel's review of the allegations earlier today.

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